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FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 4143

INFO AMEMBASSY BERLIN

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CONFIDENTIAL SECTION 01 OF 02 BONN 21238

E.O. 11652: GDS

TAGS: PINT, EGEN, PGOV, GW

SUBJECT: POLITICAL ASPECTS OF CHANCELLOR SCHMIDT'S DECEMBER 16 POLICY STATEMENT TO THE BUNDESTAG

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REF: BONN 21122

BEGIN SUMMARY: THE TONE AND CONTENT OF SCHMIDT'S "REGIERUNGSERKLAERUNG" ON DECEMBER 16, REFLECTED THE POLITICAL PROBLEMS OF THE SOCIAL/LIBERAL COALITION. SCHMIDT SPOKE FOR TWO AND ONE-HALF HOURS, AND INCLUDED

EVERY AREA FROM "OSTPOLITIK" TO GOVERNMENT POLICY CONCERNING SPORTS AND RECREATION. THE LENGTH OF THE SPEECH, HOWEVER, COVERED UP A PAUCITY OF NEW IDEAS. SCHMIDT MADE FEW PROMISES OF NEW REFORMS, WARNED AGAINST "INAPPROPRIATE EXPECTATIONS" AND CALLED FOR GREATER INDIVIDUAL AND ORGANIZATIONAL INITIATIVE IN SOLVING THE PROBLEMS OF GERMAN SOCIETY.

SCHMIDT'S COMMENTS ON FOREIGN POLICY REAFFIRMED THE FEDERAL REPUBLIC'S COMMITMENT TO NATO AND THE EUROPEAN COMMUNITY WHILE STRESSING THE NEED TO CONTINUE A POLICY OF IMPROVING RELATIONS WITH THE SOVIET UNION AND EASTERN EUROPE. IN SUM, SCHMIDT'S GOVERNMENT DECLARATION BROKE NO NEW GROUND AND REFLECTS THE DESIRE OF THE SOCIAL/LIBERAL COALITION TO CONTINUE THE PRESENT MODERATE COURSE. END SUMMARY.

1. ON DECEMBER 16, HELMUT SCHMIDT DELIVERED AN UNINSPIRED TWO AND ONE-HALF HOUR "REGIERUNGSERKLAERUNG." ALTHOUGH NO CHANCELLOR-CANDIDATE HAS EVER RECEIVED ONE-HUNDRED PERCENT OF THE POTENTIAL GOVERNMENT PARTIES' VOTE IN THE BUNDESTAG, SCHMIDT BEGAN WITH SUCH A THIN MARGIN (I.E., FOUR VOTES), THAT HE COULD ILL AFFORD THE USUAL DEFECTIONS. DIFFICULTIES IN INSURING THAT HE HAD THE NECESSARY NUMBER OF VOTES LEFT HIS ELECTION UNCERTAIN UP TO THE LAST MOMENT. THIS TOOK ITS TOLL ON THE CHANCELLOR, WHO LOOKED WORRIED AND TIRED WHEN HE DELIVERED THE SPEECH. THE NEW GOVERNMENT'S STATEMENT, OUTLINING THE COALITION'S HOPES AND PLANS FOR THE NEXT FOUR YEARS, REFLECTS THE PROBLEMS THE NARROW BASE OF CONFIDENTIAL

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SUPPORT CREATES FOR THE SCHMIDT/GENSCHER GOVERNMENT AS WELL AS THE DELICATE BALANCE OF POWER WITHIN THE COALITION.

2. IN COMPARISON TO THE BRANDT GOVERNMENT DECLARATIONS OF 1969 AND 1972, SCHMIDT'S SPEECH DID NOT DEVOTE IT-SELF TO SPECIFIC DOMESTIC REFORMS BUT WAS DECIDEDLY MORE RESTRAINED AND EMPHASIZED DIFFICULTIES. AS USUAL HE PUT THE PRINCIPAL STRESS ON ECONOMIC ASPECTS AND THE NEED FOR GERMAN ASSISTANCE TO ITS TRADING PARTNERS IF THE HEALTH OF THE GERMAN ECONOMY WAS TO BE MAINTAINED. CONTRARY TO HIS OWN INTELLECTUAL PREFERENCE, HE EMPHASIZED INTERNAL AFFAIRS OVER FOREIGN POLICY. IN GENERAL, SCHMIDT'S FOREIGN POLICY STATEMENTS REMAIN SUBSTANTIALLY SIMILAR TO EARLIER SPD/FDP GOVERNMENT DECLARATIONS BUT THERE WAS SOMEWHAT MORE EMPHASIS ON DEVELOPMENT AID AS WELL AS CONCERN OVER ENERGY AND RAW MATERIAL SUPPLIES.

3. FEW OBSERVERS EXPECTED SCHMIDT'S DECLARATION TO PROMISE SWEEPING REFORMS; GIVEN THE ECONOMIC SITUATION AND SCHMIDT'S BRAND OF MODERATE-PRAGMATIC SOCIAL DEMOCRACY. IN ADDITION, THE COALITION SIMPLY DOES NOT HAVE THE NECESSARY MAJORITY IN THE BUNDESTAG. THE CDU/CSU STILL HAS THE ABILITY TO STYMIE MUCH OF THE GOVERNMENT'S LEGISLATION IN THE BUNDESRAT AND THE FDP IS UNLIKELY TO AGREE TO ANYTHING BUT THE MOST MODEST REFORMS. IN ORDER TO COPE WITH THESE POLITICAL

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REALITIES, SCHMIDT LAUNCHED THE NEW SOCIAL/LIBERAL CONFIDENTIAL

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GOVERNMENT WITH A CAUTIOUS, ALBEIT LENGTHY, "REGIERUNGSERKLAERUNG."

- 4. SCHMIDT'S DESCRIPTION OF THE NEW GOVERNMENT'S
 "MODELL DEUTSCHLAND" STRESSED THE DUAL THEMES OF
 SOLIDARITY AND LIBERALISM. FEW COULD TAKE ISSUE WITH
 MOST OF THE DOMESTIC AND FOREIGN POLICY GOALS IN THE
 SCHMIDT SPEECH. SUCH THEMES AS THE NEED FOR SOLIDARITY
 BETWEEN THE GENERATIONS, THE NECESSITY FOR PROVIDING
 MORE JOBS TO ABSORB THE ALMOST ONE-MILLION UNEMPLOYED,
 AND THE DESIRABILITY FOR MAKING WEST GERMANY "LIVEABLE"
 ARE BEYOND DISPUTE. THE POLITICAL CONTROVERSY BETWEEN
 THE GOVERNMENT AND THE OPPOSITION IS WHETHER THE
 SOCIAL/LIBERAL COALITION PROGRAMS WILL IN FACT ACCOMPLISH
 THESE GOALS.
- 5. SCHMIDT'S STATEMENTS ON FOREIGN POLICY WERE NOT NEW. HE PAID HOMAGE TO THE THREE PILLARS OF FOREIGN POLICY: THE ATLANTIC ALLIANCE, EUROPEAN INTEGRATION, IMPROVED RELATIONS WITH THE EAST. ON DEVELOPMENT AID POLICY, HE TOOK THE "STATE TRADING COUNTRIES" TO TASK FOR PROVIDING LITTLE REAL ASSISTANCE TO THE LDC'S. HIS COMMENTS ON BERLIN AND INNER-GERMAN POLICY WERE CAUTIOUS AND REASONABLE.
- 6. ON USSR-FRG RELATIONS, SCHMIDT TOOK THE OPPORTUNITY TO STATE THAT HE EXPECTED THE FORTHCOMING BREZHNEV VISIT TO CREATE AN IMPULSE FOR COOPERATION. ALL IN ALL, THE SECOND SCHMIDT/GENSCHER GOVERNMENT IS LIKELY TO CONTINUE THE FOREIGN POLICIES OF THE LAST TWO AND ONE-HALF YEARS WITH SOMEWHAT HEIGHTENED TENSIONS BETWEEN THE COALITION PARTNERS OVER TACTICS AND THE DIVISION OF LABOR BETWEEN THE "BUNDESKANZLERAMT" AND THE FOREIGN MINISTRY ON INNER-GERMAN POLICY, BERLIN AND "OSTPOLITIK"

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- 7. SCHMIDT TOOK A LEAF FROM THE CDU'S "NEW SOCIAL QUESTION" AND CALLED FOR CITIZENS AND PRIVATE ORGANIZATIONS TO TAKE ON MORE PRIVATE RESPONSIBILITY FOR COMING TO GRIPS WITH WEST GERMAN SOCIAL PROBLEMS. ALL PROBLEMS, HE STRESSED, CANNOT BE LEFT TO THE GOVERNMENT FOR SOLUTION.
- 8. SCHMIDT IS NOT A MODEST MAN AND HE IS NOT LIKELY TO WITHDRAW FROM PLAYING A ROLE ON THE WORLD SCENE BECAUSE OF A NARROW POLITICAL MAJORITY AT HOME. AT THE SAME TIME, HE CAN NEGLECT HIS NARROW POLITICAL BASE ONLY AT THE RISK OF CREATING A DOMESTIC POLITICAL CRISIS. BY NECESSITY HE WILL HAVE TO FOLLOW A MODERATE COURSE TO KEEP THE FDP ON BOARD AND AT THE SAME TIME PROMOTE A LEGISLATIVE PROGRAM PROGRESSIVE ENOUGH THAT THE LEFTWING IN THE SPD FRAKTION (ABOUT 50 OUT OF 230 SPD DEPUTIES) DOES NOT REVOLT.
- 9. TO ACCOMPLISH THESE TASKS HE HAS CONSIDERABLE POLITICAL SKILLS AS WELL AS THE INVALUABLE ASSISTANCE OF HERBERT WEHNER IN KEEPING THE FRAKTION IN LINE. HOWEVER, LOOKING AHEAD FOR THE NEXT FOUR YEARS, HELMUT SCHMIDT WILL HAVE A TRYING TIME. THE 1976 "REGIERUNGSERKLAERUNG" WAS THE NEW SOCIAL/LIBERAL GOVERNMENT'S FIRST TENTATIVE STEP INTO A DIFFICULT AND UNCERTAIN FUTURE. STOESSEL

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